

REDACTED – FOR PUBLIC INSPECTION

June 30, 2016

VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

RE: **REQUEST FOR CONFIDENTIAL TREATMENT**
WC Docket No. 14-58 - ETC Annual Reports and Certifications

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan Progress Report included in FCC Form 481

Confidential Information – Subject to Protective Order Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Valliant Telephone Company (the Company), Study Area Code 432032 is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket No. 14-58. *The version of the Company's FCC Form 481 submitted via ECFS is a redacted version of the filing that contains no confidential information.*

The Company, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan progress report and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan progress report is being made pursuant to Section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's March 22,

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2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58. These attachments contain competitively sensitive data that Valliant Telephone Company maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Company.

Five-Year Service Quality Improvement Plan Progress Report

Pursuant to Section 0.459 of the Commission's rules and Exemption 4 of FOIA, Valliant Telephone Company requests that the text and data extracted from its five-year service quality improvement plan progress report be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Company maintains as confidential. Public availability of this information would have a substantial negative impact on the Company.

In accordance with Section 0.459 of the Commission's rules, the following information is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 – Five-Year Service Quality Improvement Plan Progress Report. Specifically, confidential treatment is sought for all information in the five-year plan progress report related to the Company's access line counts, existing broadband capabilities, and current and planned financial investments in its network that will improve service quality, service coverage, and/or service capacity for its customers.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket No. 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a progress report on its five-year service quality improvement plan, pursuant to 47 C.F.R. §54.313(a)(1).

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan progress report contains granular information on the Company's access line counts and/or existing broadband capabilities as well as recent and planned capital investments in its network to improve service quality, service coverage, and/or service capacity. It also contains a

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map of the Company's service area detailing progress toward meeting broadband deployment targets at the wire center level. This is closely guarded, privileged information that the Company does not make publicly available.

- (4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider, such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

- (5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan progress report would provide competitors with detailed, granular information regarding the Company's access line count, its existing broadband capabilities, and its recent and planned network investments that improve service quality, coverage, and/or capacity for subscribers. This would give competitors valuable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Company.

- (6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Company has continually treated the extracted information in its five-year plan progress report as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

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- (7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan progress report is not available to the public, and third-party access is limited as described in (6) above.

- (8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Company requests that the extracted information be withheld from public inspection indefinitely. The information in the five-year plan progress report details the Company's most recent network upgrades in relation to its previously submitted service quality improvement plan. It may also contain upcoming planned network improvements during the five-year period ending 2019. This information would provide a very useful baseline for competitors for several years beyond that period.

- (9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Financial Annual Report

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Valliant Telephone Company seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.¹ The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

Valliant Telephone Company is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan progress report confidential submission bears the legend, "CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE."

¹ *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, DA 16-296 (rel. Mar. 22, 2016).

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Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

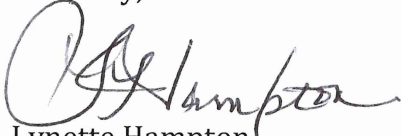
The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via ECFS, all pages containing confidential information bear the legend "REDACTED - FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynette Hampton", written over a horizontal line.

Lynette Hampton
Authorized Representative for
Valliant Telephone Company

LH/pjf

Attachments

cc: Mr. Tommy Dorries, Valliant Telephone Company

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name: Person USAC should contact with questions about this data	Tommy Dorries
<035>	Contact Telephone Number: Number of the person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	telephon@valliant.net
	Form Type	54.313 and 54.422

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	<input type="radio"/> <input checked="" type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5 year plan" filed with the FCC?	(yes / no)	<input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

432032ok112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How much (USF) was used to improve service quality and how support was used to improve service quality
- <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage
- <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes
Yes
Yes
Yes
Yes
Yes

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

No

**(300) Unfulfilled Service Request
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
432032ok510.pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	

(600) Functionality in Emergency Situations		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	432032ok610.pdf

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

-- See attached worksheet --

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<810>	Reporting Carrier	Valliant Telephone Company
<811>	Holding Company	Not Applicable
<812>	Operating Company	Valliant Telephone Company

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<900> Does the filing entity offer tribal land services? (Y/N) Yes

<910> Tribal Land(s) on which ETC Serves

Choctaw Nation of Oklahoma

<920> Tribal Government Engagement Obligation

432032ok920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 432032ok1010.pdf

Name of Attached Document

<1020> Broadband comparability certification Not Applicable

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

432032ok1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- | | |
|--|-------------------------------------|
| <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> Details on the number of minutes provided as part of the plan, | <input checked="" type="checkbox"/> |
| <1223> Additional charges for toll calls, and rates for each such plan. | <input checked="" type="checkbox"/> |

(2000) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support
- <2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support
- <2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 1 or Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(2000) Price Cap Carrier Additional Documentation (Continued)

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

Name of Attached Document Listing
Required Information

cap carrier used for capital expenditures in 2015.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
(3010A)	Milestone Certification {47 CFR § 54.313(f)(1)(i)}	No - Attach Explanation	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	432032ok3010.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3019)	If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains: Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
(3022)	If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains: Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	432032ok3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

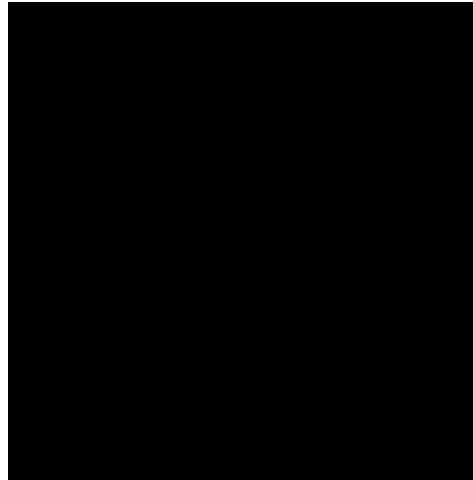
(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends



<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	
---	--	--

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information	
--	--	--

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.	Name of Attached Document Listing Required Information	
--	--	--

**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	432032
<015> Study Area Name	VALLIANT TEL CO
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035> Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Moss Adams LLP</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>Moss Adams LLP</u>
Name of Reporting Carrier:	<u>VALLIANT TEL CO</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/30/2016</u>
Printed name of Authorized Officer:	<u>Tommy Dorries</u>
Title or position of Authorized Officer:	<u>Vice President</u>
Telephone number of Authorized Officer:	<u>5809334400 ext.</u>
Study Area Code of Reporting Carrier:	<u>432032</u> Filing Due Date for this form: <u>07/01/2016</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>VALLIANT TEL CO</u>
Name of Authorized Agent Firm:	<u>Moss Adams LLP</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/30/2016</u>
Name of Authorized Agent Employee:	<u>Lynette Hampton</u>
Title or position of Authorized Agent or Employee of Agent	<u>Telecommunications Consulting Manager</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>5126527725 ext.</u>
Study Area Code of Reporting Carrier:	<u>432032</u> Filing Due Date for this form: <u>07/01/2016</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(700) Price Offerings including Voice Rate Data Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	18.0

[illegible]

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

[illegible]

**LINE 112- FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN
PROGRESS REPORT**

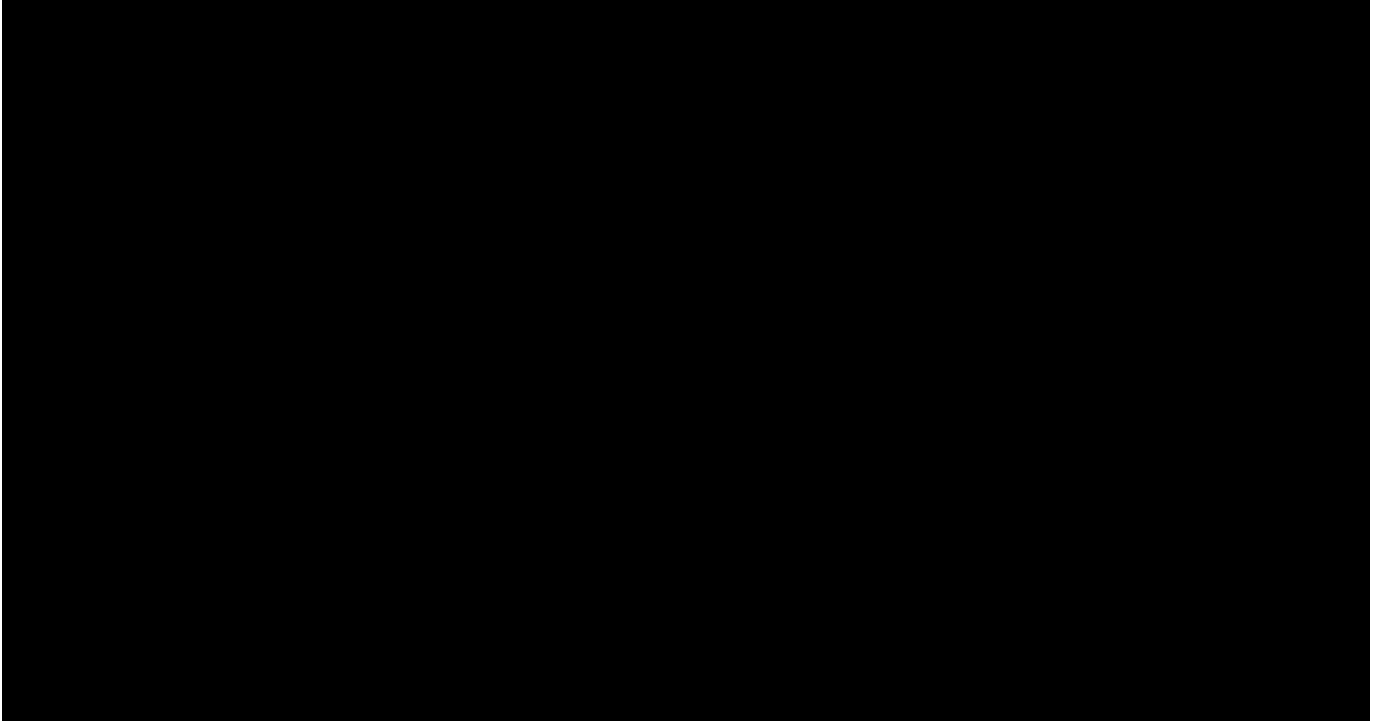
The Company received \$1,209,240 in Universal Service Fund (“USF”) support in calendar year 2015. [REDACTED]

2015 Service Quality Improvement Plan – Progress Report

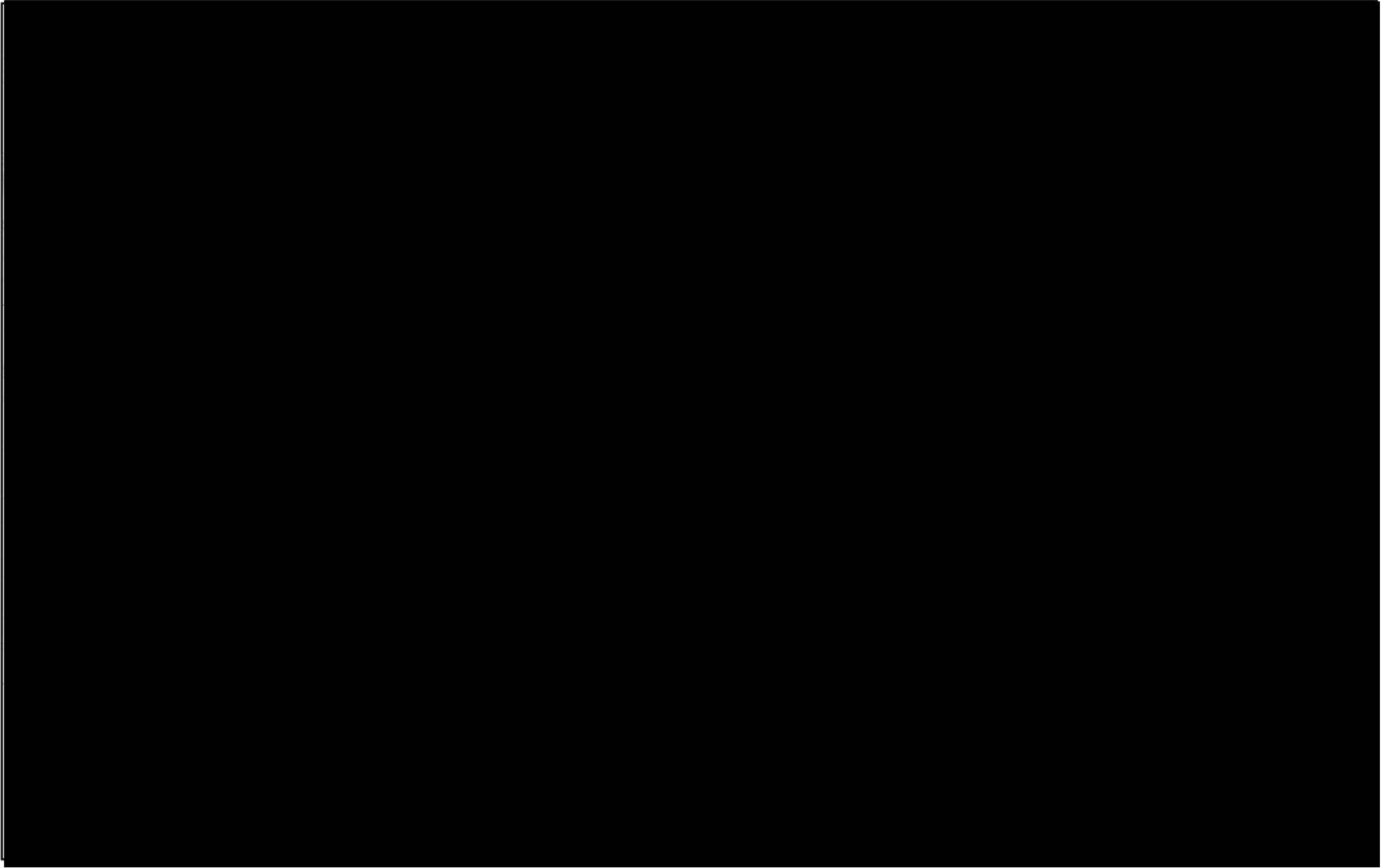
Exchange	Description of Improvements in 2015	2015 Forecast	Actual Spent in 2015
----------	-------------------------------------	------------------	-------------------------

[REDACTED]			
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Year End 2015 Progress Report Description



REDACTED - FOR PUBLIC INSPECTION



LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Valliant Telephone Company (the “Company”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Company operates are outlined in its member services tariff, which is approved by the Public Utility Commission of Texas (“Texas PUC”). The tariff contains provisions regarding the Company’s customer service and protection practices.

Service quality standards for voice service are established by the Texas PUC. The Company consistently meets or exceeds those standards and provides reports to the Texas PUC, in accordance with the Texas PUC’s rules.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Company. The Company also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require transparency of network management practices, performance, and the commercial terms of broadband services.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Company’s compliance with CPNI rules and a description of the Company’s operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Valliant Telephone Company is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION

Valliant Telephone Company (“Valliant” or “the Company”) provides service within the territory of the Choctaw Nation of Oklahoma.

During the reporting period of 2015, the Company had not been contacted by any representative of the Tribe about the Company’s service offerings. The Choctaw’s tribal council has never indicated any interest in meeting with Valliant to discuss the Company’s business or residential service offerings that Valliant provides. Valliant will continue to market service offerings to residences and businesses within the Choctaw community that are located in the Company’s service area.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's 2015 reasonable comparability benchmark for voice services was \$47.48, which includes the federal subscriber line charge ("SLC").¹

In 2015, in all of the exchanges served by Valliant Telephone Company ("the Company"), the single-line residential local rate, including any mandatory extended area service charge, was \$18.00. When the federal SLC (\$6.50) is included, the rate was \$24.50. Therefore, the Company's pricing of fixed voice services in 2015 was less than the reasonable comparability benchmark of \$47.48.

¹ *Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Residential customers (non-tribal) of Valliant Telephone Company (“the Company”) who qualify for the Lifeline Program receive a federal discount of \$9.25. Tribal customers receive a federal discount of \$23.50.

The Lifeline single-line residential rate (non-tribal), including any mandatory extended area service charge and the federal subscriber line charge (“SLC”) is **\$15.25** (\$24.50 standard rate - \$9.25 discount). This rate is applicable in all of Valliant’s exchanges: Millerton, Rufe, and Valliant.

The Lifeline single-line residential rate in designated Tribal lands, including any mandatory extended area service charge and the federal subscriber line charge (“SLC”) is **\$1.00** (\$24.50 standard rate - \$23.50 discount). This rate is applicable in all of Valliant’s exchanges.

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer’s choosing. Customers may elect to subscribe to toll blocking at no charge.

The Company does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Company reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

Lifeline Program reductions do not apply to additional services such as information-related services and custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Lifeline customers may subscribe to any residential voice telephony service package that is generally available to the public and will receive the applicable Lifeline discount off the regular price of the package.

The attached pages from the Company’s Telephone Services Tariff include the terms and conditions for Lifeline Service.

LOCAL EXCHANGE SERVICE

IV. LIFELINE SERVICE

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A. Applicability

1. Lifeline Service is a voice telephony service assistance program designed to provide eligible residential customers with a credit to be applied to the price of Residential voice telephony service.
2. Eligible customers will receive a credit as set forth in Section IV. Lifeline Credits below, to be applied to their Residential voice telephony service.
3. Customers shall not receive more than one Lifeline credit regardless of the number of residential voice telephony services or locations the customer receives service within the State of Oklahoma.
4. Lifeline Service shall not be available on a retroactive basis.

B. Designated Services Available to Lifeline Customers (¹)

The following services shall be offered to eligible Lifeline customers:

1. voice telephony services that provide voice grade access to the public switched network or its functional equivalent;
2. minutes of use for local service provided at no additional charge to end users;
3. access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems; and
4. toll limitation services to qualifying low-income consumers as provided in 47 CFR §54.400.

C. Eligibility Requirements for Lifeline Service On Non-Tribal Lands

1. The customer, one or more of the customer's dependents, or the customer's household (applicant) seeking Lifeline service credit must provide documentation to the Company establishing that the applicant meets one or more of the following eligibility requirements prior to receiving the Lifeline service credit.

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Lifeline service may not be disconnected for non-payment of toll charges.

Public Utility Division
201400093dd
Tariff Sheets Approved
per 165:55-5-10(c)
Issued: 10-31-14

LOCAL EXCHANGE SERVICE

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IV. LIFELINE SERVICE

C. Eligibility Requirements for Lifeline Service On Non-Tribal Lands (Continued)

- a. The applicant must receive benefits from one of the following federal assistance programs: Medicaid; Supplemental Nutrition Assistance Program ("SNAP" f/k/a Food Stamps); Supplemental Security Income; Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program; National School Lunch Program's free lunch program; or Temporary Assistance for Needy Families; or
 - b. An applicant's household income as defined in 47 CFR § 54.400(f) must be at or below 135% of the Federal Poverty Guidelines for a household of that size; or
 - c. Participate in or receive assistance or benefits, as certified by the Oklahoma Department of Human Services, under a program providing Temporary Assistance to Needy Families; Supplemental Nutrition Assistance Program ("SNAP" f/k/a Food Stamps); Medical Assistance or Medicaid; or Supplemental Security Income.
 - d. Participate in or receive assistance or benefits, as certified by the State Department of Rehabilitation services, under a program providing vocational rehabilitation, including aid to the hearing impaired; or
 - e. Participate in or receive assistance or benefits, as certified by the Oklahoma Tax Commission, pursuant to the Sales Tax Relief Act, 68 O.S. § 5011 et seq.
2. In addition to meeting the qualifications provided in paragraphs a. through e. above, in order to constitute a qualifying low-income applicant, an applicant must not already be receiving a Lifeline service, and there must not be anyone else in the applicant's household subscribed to a Lifeline service.
 3. The eligibility requirements listed above will be certified to by the applicant or the applicable state agency. The Company assumes no responsibility for the certification of customers or applicants eligibility.
 4. Upon receipt of the applicant's documentation, in accordance with 47 CFR § 54.410, establishing eligibility for Lifeline credit, and the Company's provisioning of Lifeline service to the applicant the Company will begin providing the credit.

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Public Utility Division
201400093dd
Tariff Sheets Approved
per 165:55-5-10(c)

LOCAL EXCHANGE SERVICE

IV. LIFELINE SERVICE

C. Eligibility Requirements for Lifeline Service On Non-Tribal Lands (Continued)

5. Lifeline customers are required to provide documentation for the purpose of determining their continuing eligibility for the Lifeline credit, upon request of the Company, no less frequently than annually, in accordance with 47 CFR § 54.410.
6. The Lifeline service credit will be discontinued for customers who no longer meet the eligibility requirements for the Lifeline Service credit.

~~Lifeline Credits for Lifeline Service On Non-Tribal Lands~~

Monthly Credit

Federal Lifeline Credit:

\$9.25¹

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Public Utility Division
20140009300
Tariff Sheets Approved
per 165:55-5-10(c)
Issued: 10-31-14

¹ Pursuant to OAC 165:55-13-14 (e) the credit applied will not exceed the total of the federal end user charge and the residential local exchange rate, less \$1.00. In no instance will a subscriber's monthly local exchange rate be less than \$1.00 after the application of the Lifeline Credits.

LOCAL EXCHANGE SERVICE

IV. LIFELINE SERVICE

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E. Eligibility Requirements for Lifeline Service On Tribal Lands

1. The customer, one or more of the customer's dependents, or the customer's household (applicant) seeking Lifeline service credit must provide documentation to the Company establishing that the applicant meets one or more of the following eligibility requirements prior to receiving the Lifeline service credit.
 - a. The applicant must receive benefits from one of the following federal assistance programs: Medicaid; Supplemental Nutrition Assistance Program ("SNAP" f/k/a Food Stamps); Supplemental Security Income; Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program; National School Lunch Program's free lunch program; or Temporary Assistance for Needy Families; or
 - b. An applicant's household income as defined in 47 CFR § 54.400(f) must be at or below 135% of the Federal Poverty Guidelines for a household of that size; or
 - c. Participate in or receive assistance or benefits, as certified by the Oklahoma Department of Human Services, under a program providing Temporary Assistance to Needy Families; Supplemental Nutrition Assistance Program ("SNAP" f/k/a Food Stamps); Medical Assistance or Medicaid; or Supplemental Security Income.
 - d. Participate in or receive assistance or benefits, as certified by the State Department of Rehabilitation services, under a program providing vocational rehabilitation, including aid to the hearing impaired; or
 - e. Participate in or receive assistance or benefits, as certified by the Oklahoma Tax Commission, pursuant to the Sales Tax Relief Act, 68 O.S. § 5011 et seq.
 - f. A customer who lives on Tribal lands is eligible for Lifeline service as a "qualifying low-income consumer" as defined by 47 CFR § 54.400(a) and as an "eligible resident of Tribal lands" as defined by 47 CFR § 54.400(e) if that customer meets the qualifications for Lifeline specified in paragraphs a. through e. above or if the customer, one or more of the customers dependents, or the

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Public Utility Division
201400093dd
Tariff Sheets Approved
per 165:55-5-10(c)

LOCAL EXCHANGE SERVICE

IV. LIFELINE SERVICE

E. Eligibility Requirements for Lifeline Service On Tribal Lands (continued)

customers household participates in one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs general assistance; Tribally administered Temporary Assistance for Needy Families; Head Start (only those households meeting its income qualifying standard); or the Food Distribution Program on Indian Reservations.

2. In addition to meeting the qualifications provided in paragraphs a. through e. above, in order to constitute a qualifying low-income applicant, an applicant must not already be receiving a Lifeline service, and there must not be anyone else in the applicant's household subscribed to a Lifeline service.
3. The eligibility requirements listed above will be certified to by the applicant or the applicable state agency. The Company assumes no responsibility for the certification of customers or applicants eligibility.
4. Upon receipt of the applicant's documentation, in accordance with 47 CFR § 54.410, establishing eligibility for Lifeline credit, and the Company's provisioning of Lifeline service to the applicant the Company will begin providing the credit.
5. Lifeline customers are required to provide documentation for the purpose of determining their continuing eligibility for the Lifeline credit, upon request of the Company, no less frequently than annually, in accordance with 47 CFR § 54.410.
6. The Lifeline service credit will be discontinued for customers who no longer meet the eligibility requirements for the Lifeline Service credit.

Lifeline Credits for Lifeline Service On Tribal Lands

	<u>Monthly Credit</u>
Federal Lifeline Credit:	\$34.25 ²

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2. Pursuant to OAC 165:55-13-14 (c) the credit applied will not exceed the total of the federal end user charge and the residential local exchange rate, less \$1.00. In no instance will a subscriber's monthly local exchange rate be less than \$1.00 after the application of the Lifeline Credits.

LINE 3010 – MILESTONE CERTIFICATION

Valliant Telephone Company (“the Company”) is unable to certify that it provides broadband service that meets the FCC’s public interest obligations in §54.308(a) of the rules.

The Company’s top residential broadband offering is presently 5/1 Mbps. At this time, the Company’s customers are not requesting higher speeds than those being offered. The Company did not have any unfulfilled requests for broadband in 2015.

The Company made broadband-related network improvements in its most populated exchange during 2015. However, the Company was reluctant to invest in significantly upgrading its network due to the uncertainty surrounding the impending reform of the high-cost Universal Service Fund program for rate-of-return carriers. Thus, the Company decided to delay investments in further network upgrades until it became known how the costs could be recovered, taking into account the public interest obligation to offer its services at affordable and “reasonably comparable” rates.

REDACTED - FOR PUBLIC INSPECTION

VALLIANT TELEPHONE COMPANY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2015 AND 2014**

WITH

INDEPENDENT AUDITOR'S REPORT

Valliant Telephone Company, Inc.
Financial Statements
And Supplementary Information
Years Ended December 31, 2015 and 2014

Contents

Independent Auditor's Report.....	3
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Notes to Financial Statements.....	11

Supplemental Information:

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Independent Auditor's Report on Compliance with Aspects of Contractual Agreements and Regulatory Requirements	34



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Valliant Telephone Company which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valliant Telephone Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Accounting Standards*, we have also issued our report dated June 10, 2016, on our consideration of Valliant Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Valliant Telephone Company's internal control over financial reporting and compliance.

Hood & Associates, CPAs, P.C.

Hood & Associates, CPAs, P.C.

Tulsa, Oklahoma
June 10, 2016

Balance Sheets
December 31, 2015 and 2014

ASSETS (Note 2)

	2015	2014
Current Assets:		
Cash- General Fund		
Cash- Construction Fund		
Short-term Investments (Note 5)		
Telecommunications Accounts Receivable:		
Due from Customers (Net of allowance for		
doubtful accounts of [REDACTED]		
Other (Note 3)		
Refundable Income Taxes		
Materials and Supplies Inventory		
Prepaid Expenses (Note 4)		
Deferred Income Taxes (Note 10)		
Total Current Assets		
Noncurrent Assets:		
Investments (Note 5)		
Miscellaneous Physical Property (Net of accumulated		
depreciation of \$ [REDACTED] for 2015 and		
2014 respectively) (Note 6)		
Deferred Loss on Retirement (Note 7)		
Property and Equipment (Note8):		
Telecommunications Plant in Service		
Telecommunications Plant Under Construction		
 Less: Accumulated Depreciation		
Net Property and Equipment		
 Total Assets		

The accompanying notes are an integral part of these financial statements

Balance Sheets
December 31, 2015 and 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

	2015	2014
Current Liabilities		
Accounts Payable		
Advanced Billings and Payments		
Customer Deposits		
Accrued Income Taxes		
Other Accrued Liabilities		
Current Portion of Long Term Liabilities		
Long - Term Liabilities (Note 9)		
RUS Notes Payable		
RTB Notes Payable		
Less: Current Portion		
Other Liabilities and Deferred Credits:		
Deferred Income Taxes <i>(Note 10)</i>		
Commitments and Contingencies (Note 13)		
Stockholders' Equity:		
Common Stock, par value		
per share, authorized		
issued and outstanding		
Additional Paid in Capital		
Retained Earnings		
Total Stockholders' Equity		
Tortal Liabilities and Stockholders' Equity		

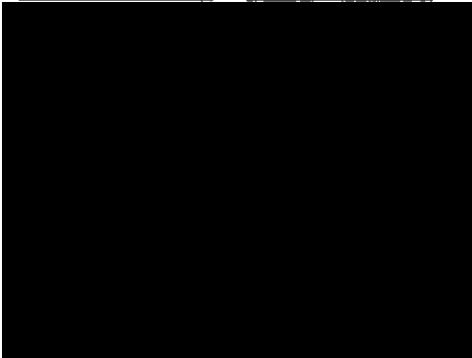
The accompanying notes are an integral part of these financial statements

REDACTED FOR PUBLIC INSPECTION
Valiant Telephone Company
Statements of Income and Retained Earnings
Years Ended December 31, 2015 and 2014

	2015	2014
Operating Revenues:		
Basic Local Network Service		
Network Access Services		
Long Distance Network Services		
Miscellaneous		
Bad Debts Recovered (Expensed)		
Operating Expenses:		
Plant Specific Operations		
Plant Non Specific Operations		
Depreciation & Amortization (<i>Note 1</i>)		
Customer Operations		
Corporate Operations		
Operating Taxes:		
Federal and State Income Taxes (<i>Note 10</i>)		
Other Operating Taxes		
Operating Income (Loss)		
Fixed Charges:		
Interest on Long Term Debt		
Allowance for Funds Used During Construction		
Nonregulated Income/(Expense):		
Interest and Dividend Income		
Equity in Earnings (Loss) of Affiliate (<i>Note 5</i>)		
Other Nonregulated Income (Loss)(Net)(<i>Note 6</i>)		
Federal and State Income Taxes (<i>Note 10</i>)		
Net Income (Loss)		

The accompanying notes are an integral part of these financial statements

REDAGTED FOR PUBLIC INSPECTION
Valiant Telephone Company
Statements of Income and Retained Earnings
Years Ended December 31, 2015 and 2014

	2015	2014
Retained Earnings, Beginning of Year		
Net Income (Loss)		
Retained Earnings, End of Year		
Earnings (loss) per Share of Common Stock - Average		

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities:		
Cash received from Customers		
Interest and dividends received		
Cash paid to suppliers and employees		
Interest paid		
Income taxes refunded (paid)		
 Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities:		
Cash paid for purchases of telephone plant and equipment		
Cash proceeds from sale of telephone plant and equipment		
Cash paid for purchase of miscellaneous property		
Cash contribution to cellular partnership		
Cash distributions from cellular partnership		
Cash paid for purchase of certificates of deposit		
Cash proceeds from maturity of certificates of deposit		
 Net Cash Provided (Used) by Investing Activities		
Cash Flows From Financing Activities:		
Proceeds from issuance of long-term debt		
Principal repayments of long-term debt		
Dividends paid		
 Net Cash (used) by Financing Activities		
 Net Increase (Decrease) in Cash and Cash Equivalents		
 Cash and Cash Equivalents, Beginning of Year		
 Cash and Cash Equivalents, End of Year		

The accompanying notes are an integral part of these financial statements

REDAGTED FOR PUBLIC INSPECTION
Valiant Telephone Company
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Reconciliation of Net Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization		
Capitalized interest		
Asset write off		
Undistributed (earnings) loss of affiliate		
Provision (benefit) for deferred income taxes		
Accrued interest income on RUS cushion of credit		
Reinvested interest income		
(Increase) Decrease in accounts receivable		
(Increase) Decrease in prepayments and other assets		
(Increase) Decrease in inventories		
(Increase) Decrease in refundable income taxes		
Increase (Decrease) in accounts payable		
Increase (Decrease) in advance billings and payments		
Increase (Decrease) in accrued income taxes		
Increase (Decrease) in other accrued liabilities		
 Total adjustments		
 Net cash provided (used) by operating activities		

The accompanying notes are an integral part of these financial statements

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed in the preparation of the accompanying financial statements. On July 1, 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification (the "Codification"), the single source of authoritative, non-government U.S. generally accepted accounting principles ("GAAP"), except for rules and interpretative releases of the Securities and Exchange Commission ("SEC"), which are sources of authoritative GAAP for SEC registrants.

The terms "FASB guidance" or "guidance" are used when referring to GAAP in these financial statements.

Description of Business:

The Valliant Telephone Company ("Company") was organized under the General Corporation Laws of the State of Oklahoma in 1962. The Company is an operating telephone utility serving customers in Valliant, Oklahoma, neighboring communities and rural subscribers, providing telecommunications exchange, local and long distance access services and internet (broadband) services. The Company is also engaged in providing cellular telephone services through a 50%-owned partnership with another entity. The Company's business includes both regulated and nonregulated operations. The Company is a utility regulated by the Oklahoma Corporation Commission and conducts its operations as a "C" corporation for income tax purposes.

General:

The Valliant Telephone Company maintains its records in accordance with the Uniform System of Accounts prescribed for telephone companies by the Federal Communications Commission (FCC) and adopted by the Oklahoma Corporation Commission. The financial statements reflect the application of the accounting policies described in this note and have been prepared in conformity with U.S. generally accepted accounting principles applicable to rate regulated utilities.

Use of Estimates to Prepared Financial Statements:

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used in preparing the financial statements.

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies (continued)

Cash Equivalents:

For purposes of the Statement of Cash Flows, this caption includes cash on hand and in banks and certain short-term deposits. The Company considers all highly liquid debt instruments purchased with maturity of three months or less from the date of purchase to be cash equivalents.

Cash in construction funds may not be expended for any purpose other than on Rural Utilities Service ("RUS") approved projects and are therefore restricted. Any unexpended funds remaining after the project's completion may be used for general corporate purposes.

Accounts Receivable and Allowance for Doubtful Accounts:

Accounts receivable are stated at the historical carrying amount net of write-offs and allowance for doubtful accounts. Trade accounts receivable consist of amounts due from subscribers, including local service, toll, taxes and applicable fees. Trade accounts receivable are uncollateralized (however, certain customers may be required to have a deposit) and are due on the 15th of the month. A late fee of 10% is assessed if the receivable has not been paid by the 25th of the month. However, the late fee is waived if the customer contacts the Company and arranges to pay the balance by the last day of the month. Telephone service is cut off if a customer's balance is over one month in arrears.

The Company also has accounts receivable from interexchange long distance carriers for interstate and intrastate charges assessed for using the Company's facilities for their long distance communications, as well as from the National Exchange Carriers Association ("NECA") for outstanding interstate settlements and from the Oklahoma High Cost Fund for intrastate settlements to local exchange carriers in high cost areas based on cost separation principles.

The Company establishes an estimated allowance for doubtful accounts receivable based on a specific account identification basis through a review of several factors, including the aging status of customers' accounts, financial conditions of customers, historical credit loss experience and any specific customer collection issues that the Company has identified. Uncollectible accounts receivable are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Company has determined the balance will not be collected.

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies (continued)

Inventory:

Materials and supplies inventory, consisting of excess materials used for replacement and extension of telecommunications plant in service, are carried at the lower of cost or market value. Cost is determined by using the average cost method.

Investments:

The Company accounts for its investments in marketable securities using FASB guidance, which requires investments in equity securities that have a readily determinable fair value and all investments in debt securities be adjusted to market value at the end of each accounting period. Unrealized market value gains and losses are charged to earnings if the securities are traded for short-term profit. Otherwise, such unrealized gains and losses are charged or credited to a separate component of stockholders' equity. Realized gains and losses on sales of investments, as determined on a specific identification basis, are included in the Statement of Income. Purchases and sales are recorded on a trade date basis.

Management determines the proper classification of investments in obligations with fixed maturities and marketable equity securities at the time of purchase and reevaluates such designations as of each balance sheet date. At December 31, 2015 and 2014 there were no securities covered by FASB guidance.

The Company's investments in 20% to 50% owned partnerships and affiliates are accounted for on the equity method. The Company's investments in less than 20% owned partnerships and non-marketable investments are accounted for on the cost method.

Property, Plant and Equipment:

Telecommunications plant in service and under construction is recorded at historical cost, less accumulated depreciation. Historical cost consists of the actual purchase costs of materials used in construction, direct labor costs and related indirect costs, consisting of payroll taxes, overhead and vehicle costs allocated to construction. Major renewals and betterments are capitalized, while maintenance and repairs are expensed when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets using the annual rates recommended by the Oklahoma Corporation Commission.

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment: (continued)

Following is a listing of the estimated useful lives and annual depreciation rates for the major asset classifications:

Classification	Estimated Useful Life	Annual Depreciation Rate
Buildings		
Vehicles, other work equipment		
Furniture, general purpose computers		
Digital electronic switching equipment, circuit equipment, large PBX		
Aerial cable		
Buried cable		

The cost of property, plant and equipment sold, retired or otherwise disposed of is charged against the accumulated depreciation account for the particular class of assets. Salvage credits resulting from reusable materials, sales or trade-in allowances are credited to the related accumulated depreciation accounts.

Interest is capitalized in connection with construction of major facilities. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Interest capitalized in connection with construction was [REDACTED] and [REDACTED] for the years ended December 31, 2015 and 2014, respectively.

Revenue Recognition:

The Company recognizes revenues when earned, regardless of the period in which they are billed. In general, the Company recognizes revenues only after the services have been provided to its local subscribers and long distance carriers.

(a) Local Network Service Revenues:

The Company is required to provide local network service to subscribers within its defined service territory. Local network service revenues are recognized in those periods in which

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition: (continued)

the services are provided to subscribers connected to the network. Local network services are billed monthly on the first day of the applicable month.

(b) Network Access and Long Distance Service Revenues:

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. Access service revenue includes interstate customer end user charges, interstate and intrastate charges assessed to long distance carriers for using the Company's facilities for their long distance communications, and interstate settlements under jurisdictional reporting requirements with the National Exchange Carriers Association ("NECA"). The interstate portion of access revenues is based on a cost separation procedure settlement formula administered by NECA, which is regulated by the FCC. The intrastate portion of access revenues is billed using an individual company tariff access charge structure based on expense and plant investment as approved by the state regulatory authority. The tariffs developed from these formulas are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried. Long distance revenues are recognized at the time a call is placed based on the minutes of traffic processed at contracted rates.

Reported network access revenues are estimates subject to settlement adjustments in the near term resulting from changes in expense and plant investment level and rate of return experience. Future settlement adjustments are accrued if sufficient information is available to estimate them at the date of the financial statements; otherwise, such adjustments are recognized in the period in which the final settlements are determined.

(c) Miscellaneous Revenue:

Miscellaneous revenue consists primarily of fees received from long distance carriers for billing and collection services performed by the Company and directory revenue.

Income Taxes:

Deferred income tax assets and liabilities are recognized and computed annually for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. In addition, the future tax benefits of net operating loss carryforwards are recognized as deferred tax assets to the extent that realization of such benefits is more likely than not.

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes: (continued)

Valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Principal temporary differences giving rise to the recognition of deferred tax liabilities and Assets are depreciation of property, plant and equipment, due to the use of accelerated methods of computing depreciation for income tax purposes, and the recognition of earnings and losses on the investment in an affiliated partnership accounted for on the equity method for financial reporting purposes.

Advertising:

All advertising and promotional costs are expensed in the period in which such charges are incurred.

Date of Management's Review:

Subsequent events have been evaluated through June 10, 2016, which was the date the financial statements were available to be issued.

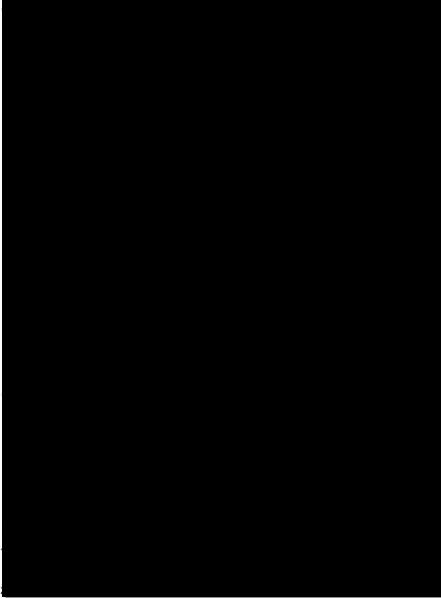
Note 2 - Assets Pledged

Substantially all assets are pledged as security for the long-term debt to the United States of America (See Note 9).

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 3 - Other Accounts Receivable

Following is a summary of other accounts receivable at December 31, 2015 and 2014:

	2015	2014
Inter Exchange Carriers		
Oklahoma State Pool		
National Exchange Carriers Association (NECA)		
Universal Service Administrative Company (USAC)		
Other		
Total		
Less allowance for doubtful accounts		

Note 4 - Prepayments

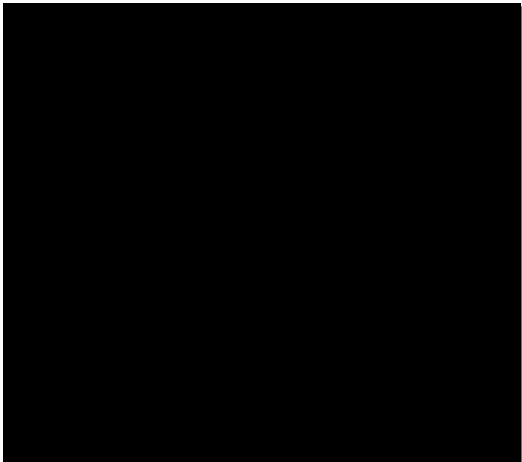
Prepaid expenses at December 31, 2015 and 2014 were comprised of the following:


	2015	2014
Insurance		
Franchise tax		
Other		



**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 5 - Investments

Investments at December 31, 2015 and 2014 consisted of the following:

	2015	2014
Investment in affiliated partnership, at equity:		
Cross-Valliant Cellular Partnership		
Other investments at cost:		
Deferred annuity contract		
Certificates of deposit		
Less certificates of deposit classified as current assets		

The Company has a  interest in the Cross-Valliant Cellular Partnership, which is accounted for on the equity method of accounting. Under the equity method, investments are carried at cost, plus or minus the Company's equity in the increases and decreases in the investee's net assets after the date of acquisition and certain other adjustments. The Company's share of the net income or loss of the investee is included in equity in earnings (losses) of equity method investees on the Company's Statements of Income and Retained Earnings. Any distributions received from the investee reduce the carrying amount of the investment.

In accordance with the equity method of accounting, the Company recognized net income of  for the years ended December 31, 2015 and 2014, respectively, based on its  share of the net income (loss) of the Cross-Valliant Cellular Partnership for 2015 and 2014.

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

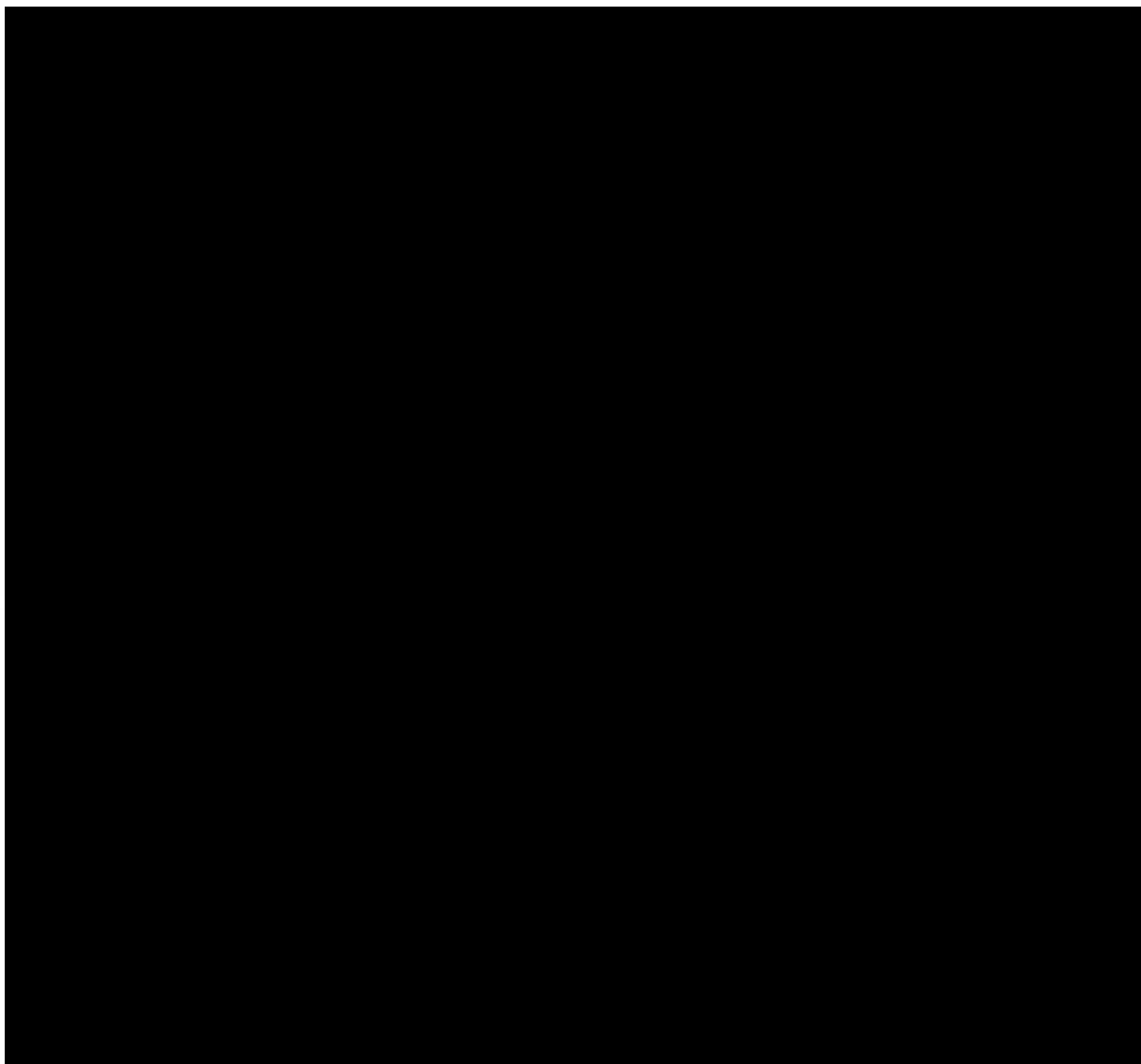
Note 5 – Investments (continued)

A summary of the results of operations for the years ended December 31, 2015 and 2014, and net assets at December 31, 2015 and 2014 for the Cross-Valliant Cellular Partnership follows:

	2015	2014
Results of operations:		
Total revenues		
Operating income (loss)		
Net income (loss)		
Net assets:		
Current assets		
Noncurrent assets:		
Switching Agreement (net of accumulated amortization)		
Telecommunications plant (net of accumulated depreciation)		
Total assets		
Current liabilities		
Net assets		

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 5 – Investments (continued)



**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 6 - Miscellaneous Physical Property

In connection with certain nonregulated activities, the Company had the following miscellaneous physical property and equipment at December 31, 2015 and 2014:

	2015	2014
Property and equipment, at cost:		
Land		
Buildings		
Wireless internet network		
River pump station equipment		
Motel PBX		
Instruments		
Less accumulated depreciation		

Depreciation of nonregulated property and equipment amounted to [REDACTED] for the years ended December 31, 2015 and 2014, respectively.

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 6 - Miscellaneous Physical Property (continued)

Following is a summary of pre-tax income from nonregulated activities for the years ended December 31, 2015 and 2014:

	2015	2014
Revenues:		
Internet revenue		
Wireless installations		
Equipment rental and other nonregulated revenue		
Expenses:		
Pre-tax income		

Note 7 – Deferred Loss on Retirement

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**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 8 - Property, Plant and Equipment

Listed below are the major classes of the telecommunications plant at December 31, 2015 and 2014:

	2015	2014
Telecommunications Plant In Service:		
Land		
Buildings		
Vehicles		
Tools and other work equipment		
Buried cable		
Aerial cable		
Digital electrical switching equipment		
Circuit equipment		
Large PBX		
Furniture		
General purpose computers		
Poles		
Less accumulated depreciation		
Telecommunications Plant Under Construction		

Depreciation of telecommunications plant in service amounted to [REDACTED] for the years ended December 31, 2015 and 2014, respectively. The provision for depreciation as a percentage of the average balance of telecommunications plant in service was [REDACTED].

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 9 - Long-Term Debt

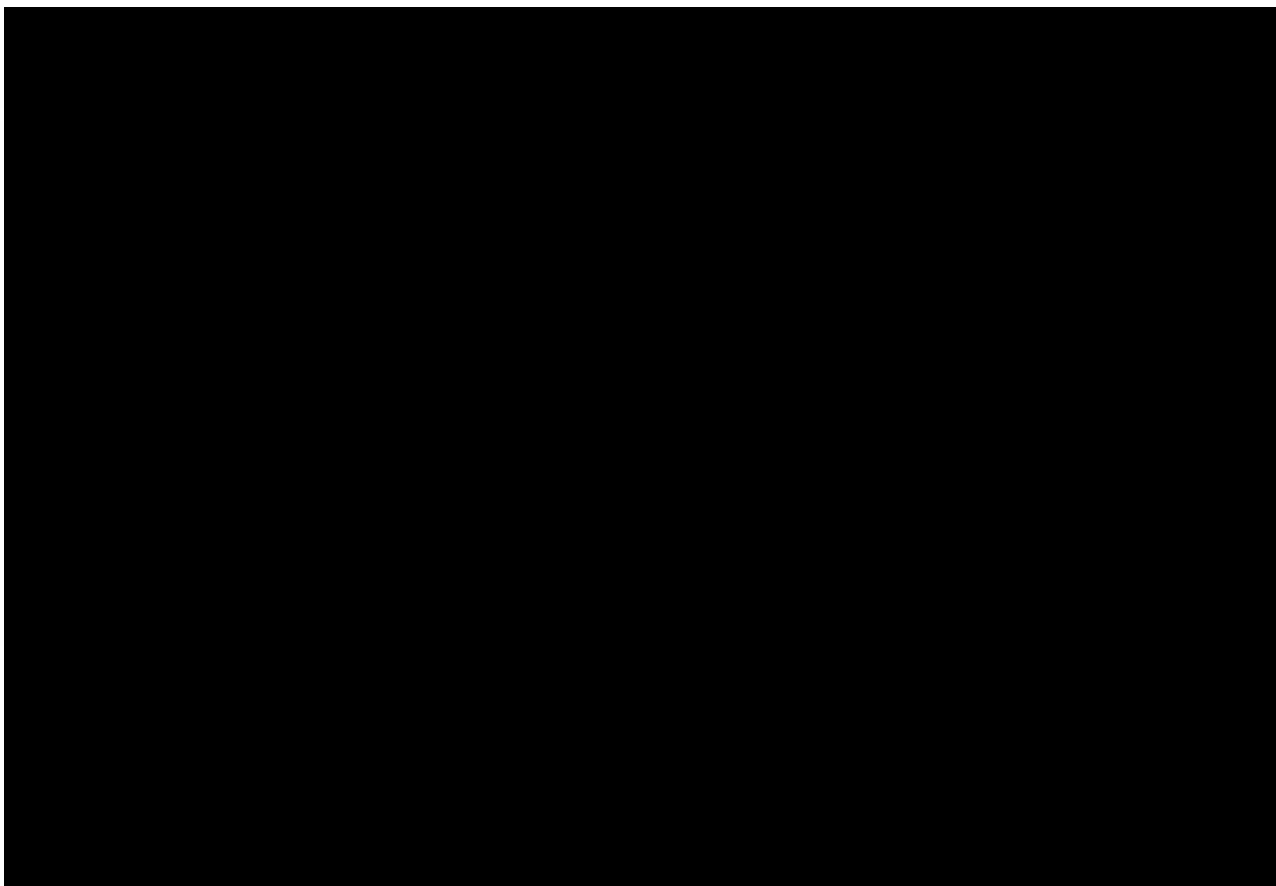
Long-term debt is comprised of a series of installment notes payable to the United States of America, Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB"). Following is a summary of the outstanding long-term debt at December 31, 2015 and 2014:

	2015	2014
RUS Notes:		
5.0% Notes due 2025		
6.5% Notes due 2016		
5.9% Notes due 2016		
5.8% Notes due 2016		
4.0% - 4.6% Notes due 2023		
3.3% - 3.8% Notes due 2023		
 Less advance payments		
 RTB Notes:		
7.5% Notes due 2016		
6.5% Notes due 2016		
5.7% Notes due 2016		
5.5% Notes due 2016		
5.8% Notes due 2016		
 Total		
Less portion due within one year		

Pursuant to a loan agreement dated November 27, 2006, between the Company and the United States of America, Rural Utilities Service, the Company was granted the right to borrow up to [REDACTED] in order to finance a system-wide equipment upgrade, designated as "OK 554-H42 Valliant".

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 9 - Long-Term Debt (continued)



Estimated principal installments on long-term debt due for each of the five years subsequent to December 31, 2015, are as follows:

	RUS Notes	RTB Notes	Total
2016			
2017			
2018			
2019			
2020			

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 10 - Income Taxes

The components of the provision (benefit) for income taxes for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Operating Activities:		
Current		
Deferred		
Non-Operating Activities:		
Current		
Deferred		

The provision (benefit) for deferred income taxes for the years ended December 31, 2015 and 2014 was comprised of the following:

	2015	2014
Difference between tax and book depreciation		
Net operating loss carryforwards		
Difference between tax and book income		
recognized from affiliated partnership		
Amortization of deferred loss on retirement		
Tax deferred annuity income		
Allowance for doubtful accounts on		
telecommunications accounts receivable		

The provision for income taxes for the years ended December 31, 2015 and 2014 differs from the federal statutory rate of 34% due to the effect of state income taxes, net of federal tax benefit, and certain nondeductible expenses.

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 10 - Income Taxes (continued)

The tax effects of temporary differences and tax loss carryforwards that gave rise to significant portions of the deferred tax (assets) liabilities at December 31, 2015 and 2014 were as follows:

	2015	2014
Deferred tax liabilities:		
Accumulated depreciation of property, plant and equipment, and miscellaneous physical property		
Carrying value of investment in affiliated partnership		
Deferred loss on retirement		
Tax deferred annuity income		
Total deferred tax liabilities		
Deferred tax assets:		
Net operating loss carryforwards		
Allowance for doubtful accounts on telecommunications accounts receivable		
Long-term capital loss carryover		
Section 168(k) carryover (Oklahoma)		
Valuation allowance		
Total deferred tax assets		
Net deferred tax liability		

The components giving rise to the net deferred tax liabilities described above have been included in the accompanying balance sheets as of December 31, 2015 and 2014 as follows:

	2015	2014
Current assets		
Noncurrent liabilities		
Net deferred tax liability		

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 10 - Income Taxes (continued)

Management believes that based on its historical pattern of taxable income, which will include future reversals of existing taxable temporary differences, the Company will produce sufficient income in the future to realize its deferred income tax assets. Therefore, a valuation allowance was not established at December 31, 2015. Management believes it is more likely than not that the Company will be able to realize the benefits of substantially all deferred tax assets. Adjustments to the valuation allowance will be made if there is a change in management's assessment of the amount of deferred tax assets that is realizable.

The Company files income tax returns in the U.S. federal jurisdiction and in the State of Oklahoma jurisdiction. Tax years after 2011 remain open to examination by the major taxing jurisdictions in which the Company is subject to tax.

Note 11 - Profit Sharing Plan

The Company has a noncontributory defined contribution plan ("Plan") that covers all full time employees upon reaching age 21. The Company makes discretionary contributions to the Plan based on a formula and which are contingent upon the attainment of certain levels of earnings as defined in the Plan. The defined contribution plan expense was [REDACTED] for the year ended December 31, 2015. No contribution was made to the Plan for the year ended December 31, 2014.

Note 12 - Related Party Transactions

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note 13 – Commitments and Contingencies

No significant commitments or contingent liabilities were in existence at December 31, 2015.

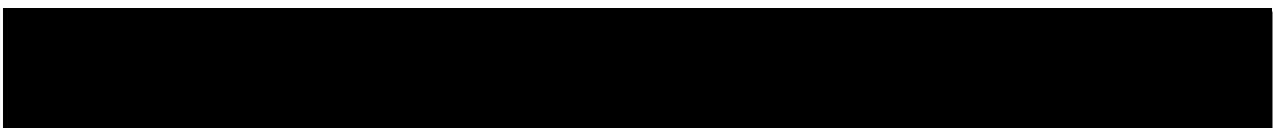
Note 14 - Financial Instruments

The Company is required by FASB guidance to disclose information about financial instruments with off-balance sheet risk and about concentrations of credit risk for all financial instruments, regardless of the degree of such risk.

At December 31, 2015, the Company had no financial instruments with off-balance sheet risk.

Financial instruments which potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents deposited with financial institutions and certificates of deposit with terms of three months to one year maintained at various financial institutions.

The Company places its cash, temporary cash investments and certificates of deposit with high quality credit institutions. At times, cash in bank deposit accounts may exceed the federally insured limits. The Company has not experienced any losses in such accounts, and the Company believes that it is not exposed to any significant credit risk on cash, cash equivalents and other cash investments.



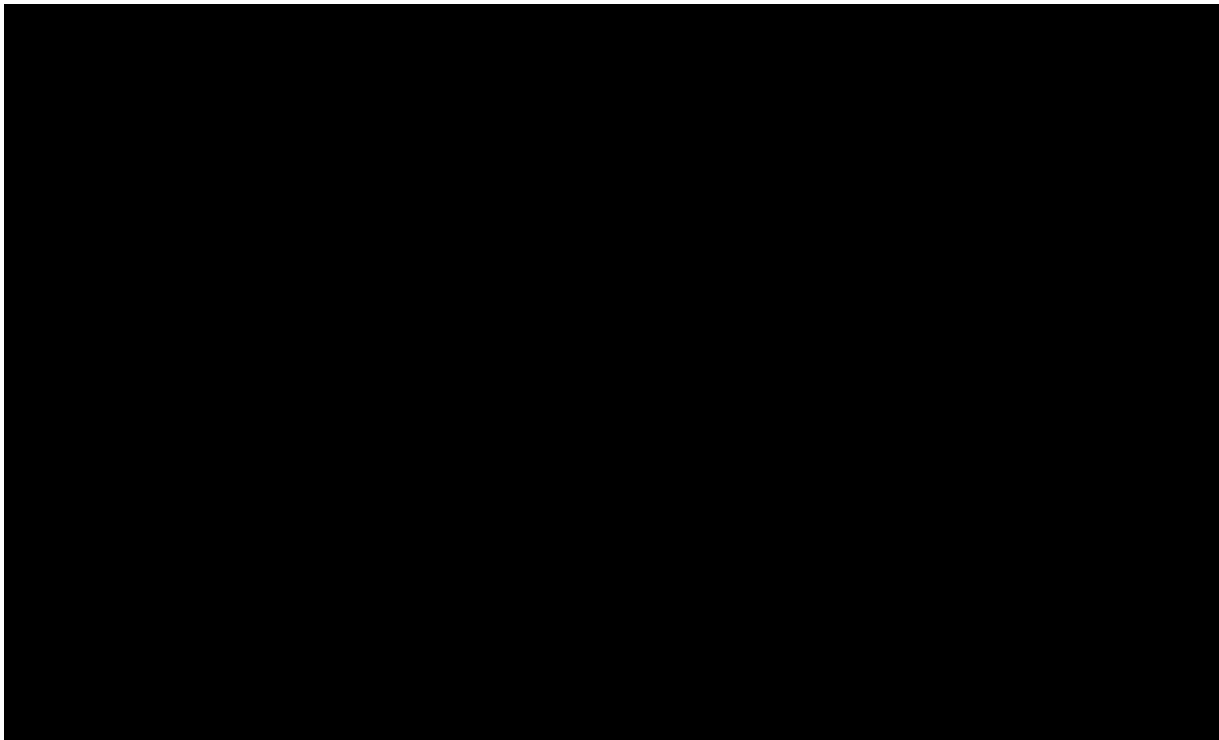
SUPPLEMENTAL INFORMATION



**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma

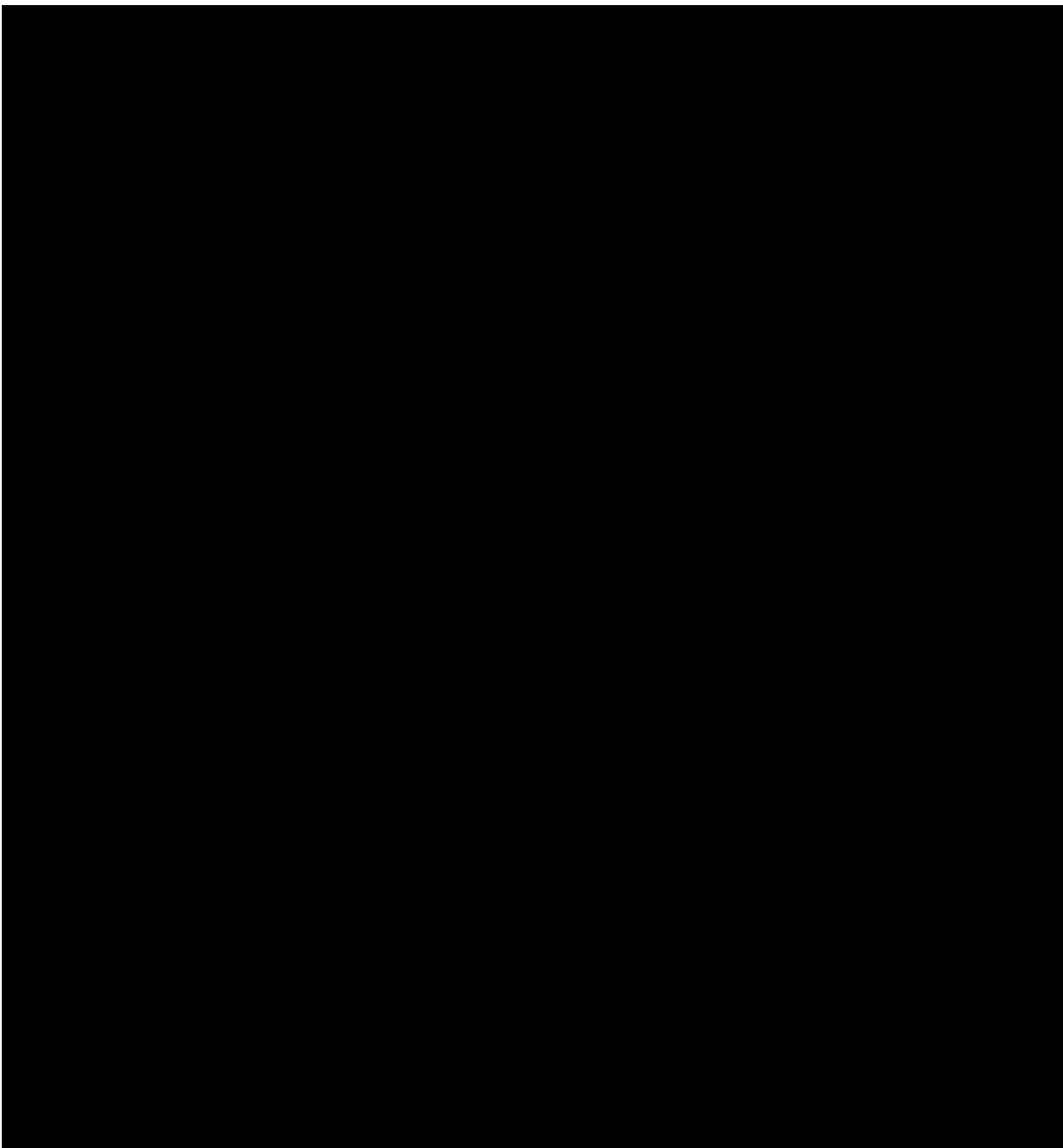
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Valliant Telephone Company, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2016.



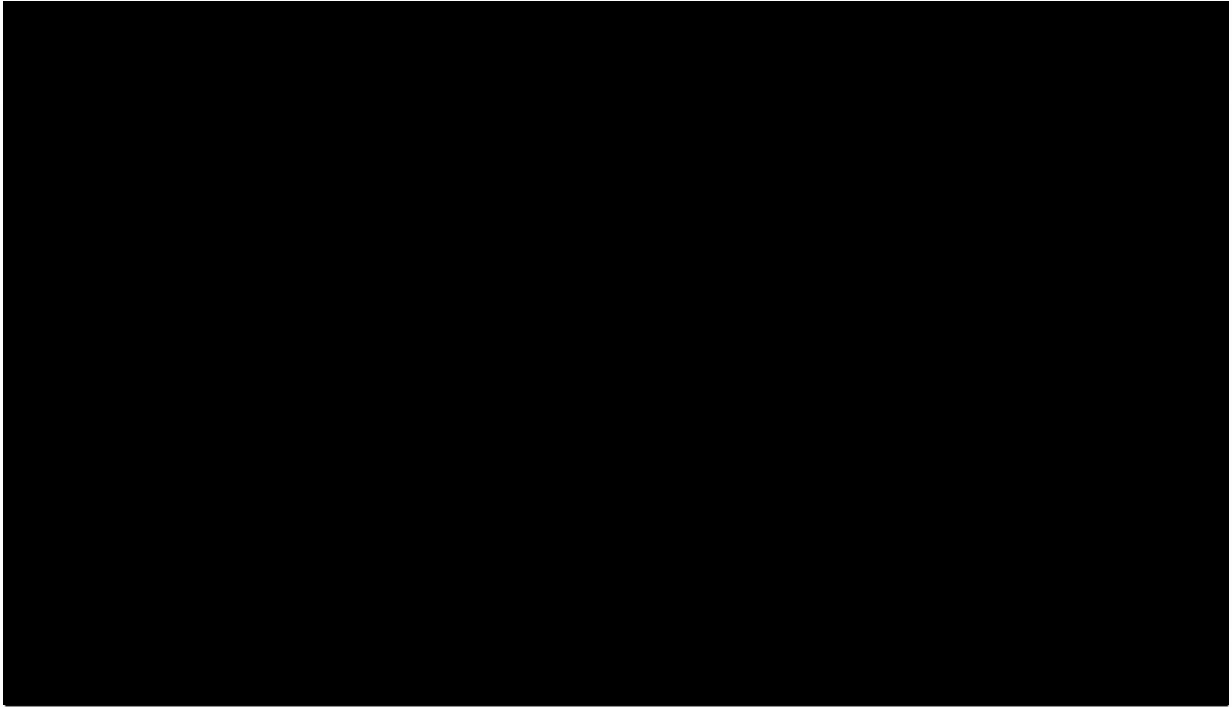
HOOD & ASSOCIATES CPAs, P.C.

2727 East 21st Street, Suite 600 Tulsa, Oklahoma 74114-3557 918-747-7000 Fax 918-743-7525 www.tetcpa.com
1821 SE Washington Blvd., Bartlesville, OK 74006 918-336-7600 Fax 918-333-7600

Board of Directors
Valliant Telephone Company
Page 2 of 3



Board of Directors
Valliant Telephone Company
Page 3 of 3



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Hood & Associates, CPAs, P.C.
Certified Public Accountants

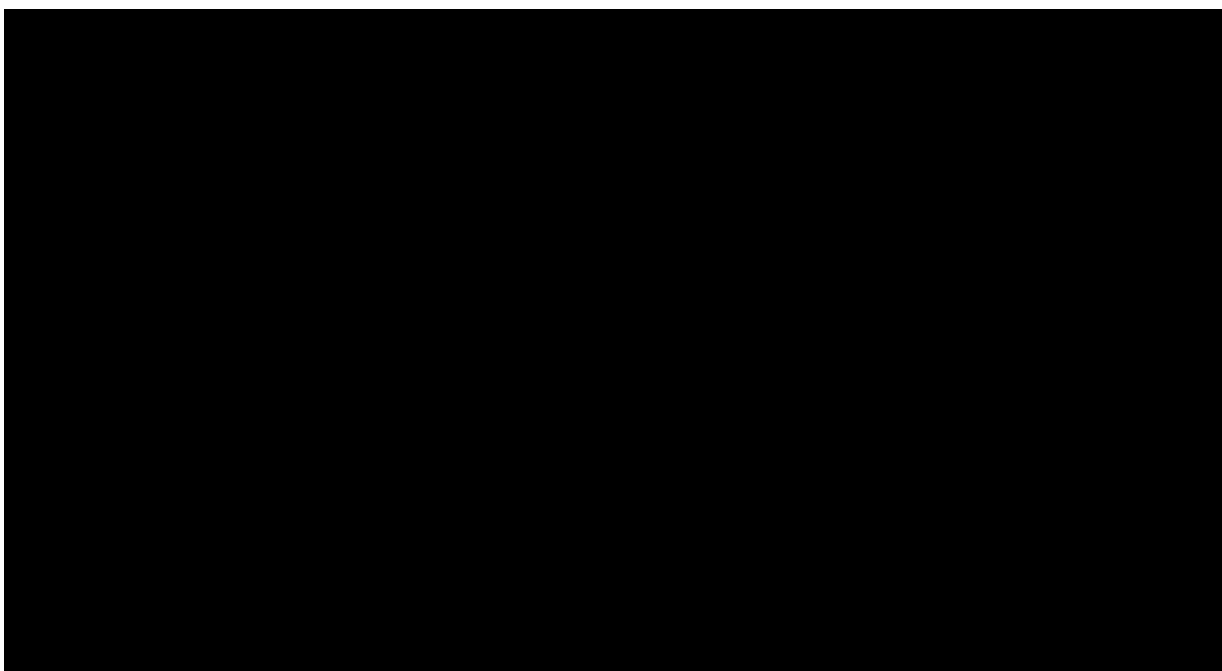
June 10, 2016



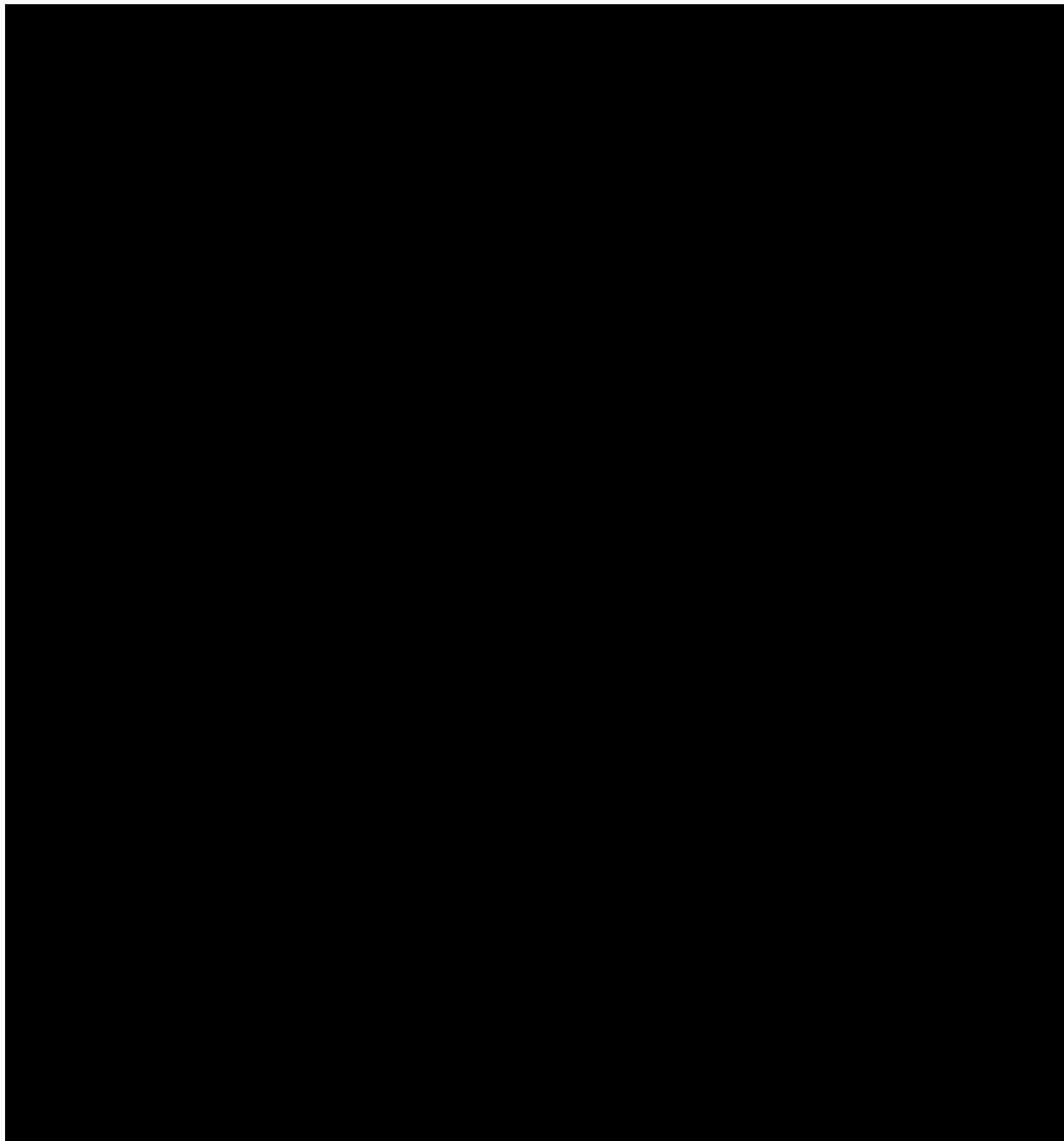
**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH ASPECTS OF CONTRACTUAL AGREEMENTS
AND REGULATORY REQUIREMENTS**

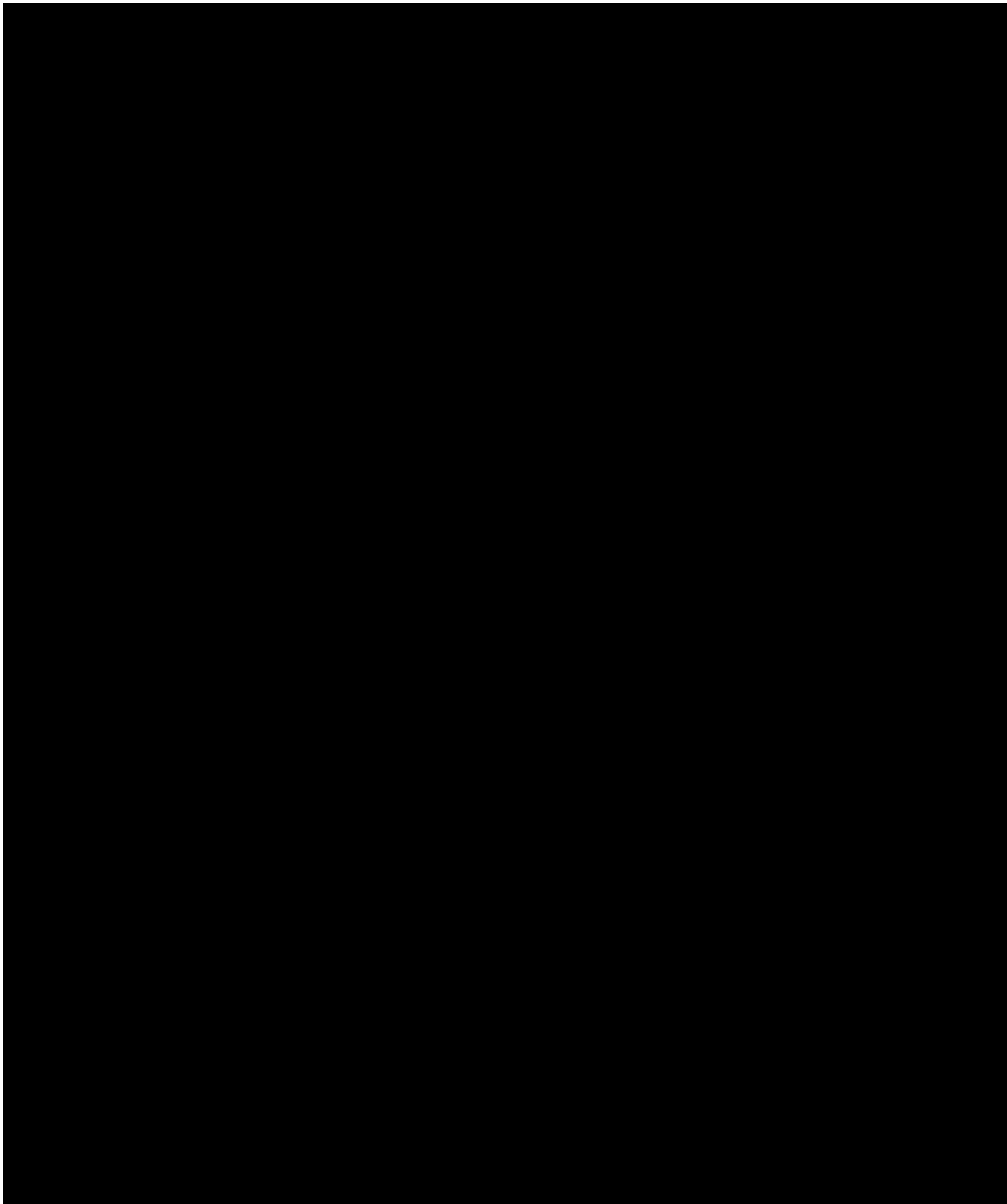
The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Valliant Telephone Company, which comprise the balance sheet as of December 31, 2015, and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2016. In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016, on our consideration of Valliant Telephone Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above have been furnished to management.



The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma





The purpose of this report is solely to communicate, in connection with the audit of the financial statements, on compliance with aspects of contractual agreements and regulatory requirements for telecommunications borrowers based on the requirements of 7 CFR Part 1773, as clarified in the RUS policy memorandum dated February 7, 2014. Accordingly, this report is not suitable for any other purpose.

Hood & Associates, CPAs, P.C.

Hood & Associates, CPAs, P.C.
Certified Public Accountants

June 10, 2016